COMMITTEE REPORT NO. 01 13 (1) TABLED ON JAN 21 1997

STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE PROPOSED AMALGAMATION OF THE NWT HOUSING CORPORATION AND THE DEPARTMENTS OF TRANSPORTATION AND PUBLIC WORKS AND SERVICES

ROY ERASMUS, MLA
CHAIR

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Northwest Territories Legislative Assembly

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THE HONOURABLE SAM GARGAN
SPEAKER
LEGISLATIVE ASSEMBLY OF THE NWT

Mr. Speaker,

Your Standing Committee on Government Operations has the honour of presenting its Report on The Proposed Amalgamation of the NWT Housing Corporation and the Departments of Transportation and Public Works and Services, and commends it to the House.

Roy Erasmus
Chair
Standing Committee on Government Operations

Standing Committee on Government Operations

Review of Discussion Paper on Amalgamation of

Public Works and Services, Transportation and NWT Housing Corporation

Review Process

In late November, 1996, the government tabled a discussion paper on the proposed amalgamation of the NWT Housing Corporation and the Departments of Transportation and Public Works and Services. This paper was initially debated in the Assembly in November.

The Standing Committee on Government Operations received a copy of the discussion paper and also received a briefing in January from the Minister responsible for the proposed amalgamation, the Hon. Goo Arlooktoo, and his staff. This briefing was open to all Ordinary Members.

Members found it difficult to evaluate the specific details of the proposed amalgamation on the information available. The Minister indicated that potential organizational structure and potential cost implications were not available because the amalgamation was still at the proposal stage. In light of this, the Committee members evaluated the proposal based on the objectives presented and the explanations provided by the Minister and his staff.

The Committee would like to thank the Minister and his staff who have put significant time and energy into developing the amalgamation proposal.

The Committee's Evaluation of the Proposal

The Standing Committee carefully considered the objectives for the amalgamation as presented by the Minister.

Key among the objectives was to create a more efficient and effective government structure. Members agree that there may be opportunities for increased efficiency by amalgamating these departments. The efficiencies seem to primarily be in the areas of finance and policy. There were also potential cost savings in a reduction in the number of senior managers. It was stressed that potential savings prior to 1999 were limited.

The Minister also stressed that this amalgamation would reduce the overall amount of government. He stated the need to have a government structure which is in keeping with the people it provides. While the committee understands this rationale, there is also the argument that there are unique circumstances in the NWT which may lead to other considerations when designing government.

In addition to considering the advantages of the proposed amalgamation, Committee members raised other considerations.

Since 1991, the government has undergone numerous structural changes including amalgamations, privatization and decentralization. As well, there has been a vigorous deficit management plan in place for the past year. These changes have caused major upheaval for staff. While many of the changes were necessary to accommodate the fiscal realities facing the GNWT, they have also caused uncertainty. With the necessary reductions in place to achieve a balanced budget, Committee members believe that there is a need to provide some stability to allow staff and the public to absorb and implement the many changes that have been introduced. This stability would also benefit the private sector which has been affected by decreased government and individual spending.

It was clear from the responses to the department's consultation and the experiences of members in their home ridings that, while there is not strong opposition to this potential amalgamation, there is not strong support either. The one thing that is clear is that the public and staff would like to see disruption of current services kept to a minimum.

The Government House Leader has clearly indicated that the deficit management plan for 1997/98 is not dependent on this amalgamation. While there may be some cost savings associated with the amalgamation, the government's ability to balance the budget will not be compromised if the amalgamation does not proceed. During his presentation in January, Minister Arlooktoo suggested that the reductions to these three departments would continue if the amalgamation did not happen. Members would appreciate confirmation from the Minister that he was referring to the reductions included in the 1997/98 business plans and main estimates.

One member suggested the amalgamation seemed to be a case of tearing down a house when there was only a need to repair a few doors. There may be opportunities to reduce duplication among the three departments in terms of program operations. For example, there may be a way to coordinate the tendering process without needing to amalgamate. As well, with the many staff working on community empowerment, there should be a way to coordinate community level training. Members also felt there could be a way to coordinate the efforts of the staff working on community empowerment in each of these departments.

At the community level, while there may be some duplication (i.e. two garages or maintenance shops), there is already a great deal of integration. With communities taking on additional programs, the opportunities to achieve efficiencies will occur in ways communities want to see.

Another area the Committee considered was the initiatives and workload already facing the Assembly, Cabinet and staff. In the last year, the government has begun a number of initiatives which span most departments. These changes such as income reform and user say/user pay represent substantial changes in the way government does its business. Added on top of these changes is the fast approaching reality of division. With only eight hundred days until the existing government ceases to exist and two new territories are created, the government needs to focus its energies and resources on allowing as smooth a transition in 1999 as possible.

The Standing Committee's Recommendation

The Standing Committee on Government Operations understands that there are opportunities to possibly improve the efficiency of government operations and to achieve some cost savings from the proposed amalgamation. In the future, the new governments of Nunavut and the western territory may wish to consider such an amalgamation.

However, at this point, the Committee believes that the efforts and resources of the Assembly, the Cabinet and government departments would be better spent focusing on the many other initiatives facing us over the next two years.

The Standing Committee on Government Operations recommends that the proposed amalgamation of the NWT Housing Corporation and the Departments of Transportation and Public Works and Services be shelved for the life of the 13th Assembly.